



# Australian Bureau of Statistics

## 6353.0 - Employer Training Expenditure, Australia, Sep 1996

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## Summary

### Main Features

#### Overview

#### MEASURES OF TRAINING EXPENDITURE

- During the three-month period from 1 July to 30 September 1996, employers in Australia spent \$1,178.8 million on structured training for their employees. Expenditure for the same period in 1993 was \$1,102.7 million. While there was a small increase in total expenditure between the two periods, employers spent less per employee on structured training (\$185.49) compared to 1993 (\$191.25) and provided less hours of structured training per employee (4.91 hours per employee in 1996 compared with 5.55 hours in 1993).
- The overall ratio of expenditure on structured training to employers' gross wages and salaries was also lower in 1996 (2.54%) compared with 1993 (2.86%).
- Lower average training expenditure in 1996 reflected a lower proportion of employers providing structured training. In 1996, 17.77% of employers provided training compared to 22.62% in 1993. The fall in employers providing training was most marked in employers with less than 100 employees (small to medium employers).
- By contrast employers who did provide training in 1996 had higher average expenditure (\$267.92 per employee) compared with those who provided training in 1993 (\$237.74).
- Lower levels of training expenditure and a reduction in the proportion of employers providing training have occurred since the Training Guarantee was suspended in mid-1994 and abolished in July 1996.

#### MEASURES OF TRAINING EXPENDITURE

	September quarter	
	1993	1996
Gross wages and salaries (%)	2.86	2.54
Expenditure per employee (\$)	191.25	185.49
Training per employee (h)	5.55	4.91
Total training expenditure (\$m)	1102.7	1178.8
Employers providing structured training(a) (%)	22.62	17.77

(a) The proportion of employers is based on the statistical unit for the survey

#### COMPONENTS OF TRAINING EXPENDITURE

- Employer expenditure on structured training comprises the wage and salary costs of employees receiving and providing training as well as costs relating to fees for courses and overhead expenses such as the costs of training rooms, training equipment, travel, accommodation and meals. The most significant component of employer training expenditure was the wages and salaries cost of employees attending training.

In 1996 this accounted for 47% of total training expenditure.

- The use of trainers also represents a significant cost to employers. In 1996 the cost of employing or paying fees to trainers accounted for 40% of total training expenditure.
- The distribution of training expenditure in 1996 was similar to the same period in 1993 with lower average expenditure occurring across all components of training in 1996.

### COMPONENTS OF TRAINING EXPENDITURE

	September quarter	
	1993	1996
GROSS WAGES AND SALARIES (%)		
Employees' wages and salaries for time receiving training	1.32	1.18
<b>Cost of trainers to employers</b>		
Wages and salaries for time providing training	0.67	0.58
Fees paid to consultants and institutions	0.48	0.44
Total	1.15	1.02
Other Expenditure(a)	0.38	0.33
<b>Total training expenditure</b>	<b>2.86</b>	<b>2.54</b>
EXPENDITURE PER EMPLOYEE (\$)		
Employees' wages and salaries for time receiving training	88.26	86.43
<i>Cost of trainers to employers</i>		
Wages and salaries for time providing training	44.92	42.79
Fees paid to consultants and institutions	32.34	32.13
Total	77.27	74.92
Other Expenditure(a)	25.72	24.14
<b>Total training expenditure</b>	<b>191.25</b>	<b>185.49</b>
TOTAL TRAINING EXPENDITURE (\$m)		
Employees' wages and salaries for time receiving training	508.9	549.2
<b>Cost of trainers to employers</b>		
Wages and salaries for time providing training	259.0	271.9
Fees paid to consultants and institutions	186.5	204.2
Total	445.5	476.1
Other Expenditure(a)	148.3	153.4
<b>Total training expenditure</b>	<b>1102.7</b>	<b>1178.8</b>
(a) Other expenditure includes equipment, travel, accommodation and meals, training rooms, payments to industry training bodies, materials, books, computer-based training packages, printing, etc.		

### IN-HOUSE VERSUS EXTERNAL TRAINING

- Employers may choose to provide their employees with either in-house or external training. In-house training is organised mainly for an organisation's employees. It can be conducted at an off-site location and may involve the use of an external training provider. External training is organised and conducted by outside training or educational institutions, agencies and consultants, and is aimed for the general use of individuals and organisations.
- In 1996, 70% of employer training expenditure related to the provision of in-house training and 30% to external training. The wages and salaries cost for employees' time receiving training represented a higher proportion of external training costs (53%) compared to in-house (44%). The distribution of training costs across in-house and external training has not changed since 1993.

## IN-HOUSE VERSUS EXTERNAL TRAINING

	September quarter	
	1993	1996
GROSS WAGES AND SALARIES (%)		
<b>In-house training</b>		
Employee costs for time receiving training	0.88	0.78
Employee costs for time providing	0.67	0.58
Other training costs	0.45	0.41
Total	2.00	1.77
<b>External training</b>		
Employee costs for time receiving training	0.44	0.40
Other training costs	0.42	0.36
Total	0.86	0.76
<b>Total training expenditure</b>	<b>2.86</b>	<b>2.54</b>
EXPENDITURE PER EMPLOYEE (\$)		
<b>In-house training</b>		
Employee costs for time receiving training	58.75	57.16
Employee costs for time providing	44.92	42.79
Other training costs	29.97	29.82
Total	133.65	129.78
<b>External training</b>		
Employee costs for time receiving training	29.51	29.26
Other training costs	28.09	26.45
Total	57.60	55.71
<b>Total training expenditure</b>	<b>191.25</b>	<b>185.49</b>
TOTAL TRAINING EXPENDITURE (\$m)		
<b>In-house training</b>		
Employee costs for time receiving training	338.8	363.3
Employee costs for time providing	259.0	271.9
Other training costs	172.8	189.5
Total	770.6	824.7
<b>External training</b>		
Employee costs for time receiving training	170.1	186.0
Other training costs	162.0	168.1
Total	332.1	354.1
<b>Total training expenditure</b>	<b>1102.7</b>	<b>1178.8</b>

## TRAINING RECEIVED BY EMPLOYEES

- The type of structured training provided by employers was classified across 11 fields of training. In 1996 employers provided most training in the fields of 'Professional and management' (0.88 hour); 'Trade and apprenticeship' (0.85 hour); and 'Sales, clerical/office and personal service' (0.61 hour). These three fields accounted for almost half the training provided by employers.
- Employers provided more in-house training in all areas except 'Trade and apprenticeship' training. More than two-thirds of this training was provided externally.
- The amount of training provided to employees was lower in 1996 (4.91 hours) compared to 1993 (5.55 hours). Slightly more time was spent on 'Induction' and 'Health and safety' in 1996 with lower levels of training reported for all other fields. The largest fall occurred in 'Trade and apprenticeship' which fell from 1.07 hours in 1993 to 0.85 hour in 1996.

## FIELDS OF TRAINING, Hours Per Employee By Type of Training

Fields of training	September quarter	
	1993	1996
IN-HOUSE		
Induction	0.34	0.36
General supervision	0.24	0.21
General computing	0.36	0.28
Health and safety	0.24	0.25
Personal development(b)	n.a.	0.23
Management and professional	0.48	0.51
Technical and associate-professional	0.44	0.31
Trade and apprenticeship	0.29	0.24
Sales, clerical/office and personal services	0.59	0.46
Plant and machinery	0.33	0.22
Other structured training	0.28	0.06
<b>All fields</b>	<b>3.59</b>	<b>3.13</b>
EXTERNAL		
Induction	*0.01	0.02
General supervision	0.06	0.05
General computing	0.15	0.14
Health and safety	0.10	0.11
Personal development(b)	n.a.	0.07
Management and professional	0.44	0.38
Technical and associate-professional	0.15	0.18
Trade and apprenticeship	0.78	0.61
Sales, clerical/office and personal services	0.11	0.14
Plant and machinery	0.05	0.06
Other structured training	0.11	*0.03
<b>All fields</b>	<b>1.96</b>	<b>1.78</b>
ALL TRAINING		
Induction	0.35	0.37
General supervision	0.30	0.26
General computing	0.52	0.42
Health and safety	0.34	0.36
Personal development(b)	n.a.	0.30
Management and professional	0.93	0.88
Technical and associate-professional	0.59	0.49
Trade and apprenticeship	1.07	0.85
Sales, clerical/office and personal services	0.70	0.61
Plant and machinery	0.38	0.27
Other structured training	0.38	0.10
<b>All fields</b>	<b>5.55</b>	<b>4.91</b>

(a) Structured training was classified according to the main content of the course or program.

(b) 'Personal development' was introduced in the 1996 TES. In 1993, this training was mainly reported in 'Other'.

\* The estimate has a relative standard error of between 25% and 40% and should be used with caution.

## NET TRAINING EXPENDITURE

- Employers may also receive subsidies or payments that offset their training costs. Subsidies can be in the form of grants or payments from government agencies for structured training, or donations from private organisations. Payments are also

included as an offset when they are made for employees of other organisations to attend in-house training courses.

- In 1996, employers reported a lower level of subsidies received and a higher level of payments from other employers compared to the same period in 1993. The overall level of training offsets was higher in 1996 (\$30.3 million) compared to 1993 (\$27.4 million) but represented a similar proportion of gross wages and salaries (0.07%) and cost per employee.
- A measure of net training expenditure is obtained by deducting subsidies and payments made by other employers from total training expenditure. The total net training expenditure reported in 1996 was \$1,148.5 million and represented 2.47% of gross wages and salaries.

## **TRAINING CHARACTERISTICS OF EMPLOYERS AND EMPLOYEES**

- Fewer organisations reported that they provided structured training to their employees between 1 July to 30 September 1996 compared with the same period in 1993. The proportion of employers providing training fell from 22.60% in 1993 to 17.77% in 1996.
- Of those employers who provided training, about two-thirds had less than 20 employees. The total expenditure of these small employers represented around 10% of total training expenditure.
- Employing staff to administer, organise or provide training to other employees in an organisation can represent a significant cost to employers. In 1996, almost half of the employers who provided training had at least one employee involved in training activities. A small proportion (5%) had employees who were dedicated trainers (i.e. employees who spent all of their time on training activities for the organisation's employees). Dedicated trainers were mainly employed by large employers. In 1996 there were 210,000 employees involved in the training of employees in their organisation. Less than 10% of these were dedicated trainers.
- Despite a low proportion of employers providing training between 1 July and 30 September 1996, about two-thirds of all employees worked in organisations that undertook some structured training.
- The provision of training can vary according to the composition of the workforce within an organisation. Organisations with high proportions of female employees provided less and spent less on training compared to organisations with high proportions of male employees. In 1996 the average expenditure per employee was more than double in organisations with 75% or more males compared with organisations with 75% or more females.
- The level of training provided by employers also varied according to the proportion of casual employees in the organisation. Employers with less than 25% casual employees spent more than twice the average expenditure on training (\$223.71) as employers with 25% or more casuals (\$98.45). This translated to employees in organisations with less than 25% casuals receiving, on average, 75% more training.
- Compared to 1993, the expenditure and amount of training provided was lower for employers with less than 25% casual employees, and higher for employers with 25% or more casuals.

## **About this Release**

### **ABOUT THIS RELEASE**

Provides extensive information on employer training expenditure in Australia. Statistics on the costs incurred by organisations in providing structured training to employees are presented by industry and employer size for both the private and public sectors. Hours of training received, wage and salary costs of training and other major training costs together with number of dedicated and non-dedicated trainers are included.

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